DELAWARE VALLEY REGIONAL PLANNING COMMISSION
REGIONAL COMMUNITY AND ECONOMIC DEVELOPMENT FORUM HIGHLIGHTS
JUNE 3, 2010

A meeting of DVRPC's Regional Community and Economic Development Forum (RCEDF) was held on June 3, 2010, beginning at 10 a.m. Joseph Hoeffel, Montgomery County Commissioner and Co-Chair of the RCEDF, opened the meeting by noting that uncertainty and a lack of confidence is currently challenging regional economic growth. He then asked the attendees to introduce themselves and invited them to provide a one-minute description of their work. Mr. Hoeffel next introduced Barry Seymour, Executive Director of DVRPC, who served as moderator for the morning's panel.

Mr. Seymour introduced Joel Naroff, President of Naroff Economic Advisors and a nationally recognized economic forecaster. Mr. Naroff provided an overview of the current state of the global, national, and regional economy. He began by noting that while he is optimistic for the long-term economic future of the region, he is less confident about the short-term prospects. In the short-term, the region's recovery depends on the nation's recovery. While the current recession is technically over, Mr. Naroff believes it may take as long as five to six years for employment to sufficiently increase, noting that in the future the new definition of full employment will probably mean unemployment of five to six percent, as opposed to the previous two to three percent standard. Unemployment will begin coming down only after consumers start spending more, which will lead businesses to invest, increase inventory, and eventually resume hiring. Currently, even people with stable employment are not spending at pre-recession levels, given their anxiety about the economy and about the future of their own jobs.

Mr. Naroff stated that he does not expect significant economic growth until well into 2011, noting that it is still hard to get credit; banks are now stable but still cautious in terms of lending; and unemployment remains high. Economies since the 1990's were driven by bubbles that are not sustainable over the long term, with excessive growth rates followed by crashes. The dot.com stock bubble of the 1990s was followed by the real estate bubble of the 2000s, characterized by a sentiment that real estate prices would never come down. Both bubbles crashed, leading to recession. Approximately 60 percent of the economic growth since the latest recession has been from inventories, not from additional investments or jobs. In fact, many companies have become more productive only after jobs were cut. Ongoing budget cuts will continue to slow the growth rate even more as jobs are shed, and investments will be tight.

Mr. Naroff expects that the economic recovery will be similar to an inverted square root sign (similar to what occurred in the 1980s), as employment recovers but declines again (although at a lesser rate), and finally stabilizes at a lower level than in pre-recession years. On a more positive note, Mr. Naroff reminded the audience that because the Philadelphia region was not a huge part of the technology boom, it recovered more quickly than the rest of the country after the 2000 recession. Similarly, the region's relatively diverse economy has protected it from the extreme impacts currently being felt in other less diverse metropolitan areas.

Another positive is the trend towards wireless technology – adaptive reuse of older buildings in existing centers is now more cost efficient and profitable, given the reduced need to re-wire. This trend has the potential to encourage infill development in the region's older centers. Mr. Naroff also mentioned that many aging baby boomers enjoy the convenience of higher density development and are looking for alternatives to low density suburban environments. This trend may also support redevelopment and recentralization, as at least some of this age group moves back into the City of Philadelphia and other urban environments.

Mr. Seymour next introduced a panel of three additional economic development professionals, including Philip R. Hopkins, AICP, Vice President of Research for Select Greater Philadelphia; Stephen P. Mullin, M.A., Senior Vice President and Principal of Econsult Corporation; and Steve Wray, Executive Director of the Economy League of Greater Philadelphia. The three speakers responded to Mr. Naroff's remarks and provided additional comments. The overall consensus was that the region needs to think and operate smarter, cheaper, and faster to be competitive, with "cheaper" referring to increased value and efficiency as opposed to actual cost. Other issues that were identified as negatively impacting the region's ability to compete economically included the fact that regional exports under-perform the national average; the region's housing starts rate, which is 1/3 the national average; and the business tax rate, which is a deterrent to innovation.

The next speaker was Mary Bell, Manager of Demographic and Economic Analysis at DVRPC. Ms. Bell provided an update on the status of the *Greater Philadelphia Economic Development Framework*, co-authored by DVRPC, Select Greater Philadelphia, and Ben Franklin Technology Partners and adopted by the Philadelphia Regional Office of the U.S. Department of Commerce, Economic Development Administration (EDA) as the Comprehensive Economic Development Strategy (CEDS) for Greater Philadelphia in September 2009. The CEDS includes a regional economic profile, a set of goals and objectives, and a list of key regional economic development projects. Projects must be supported in the CEDS to be eligible to apply for EDA assistance. EDA requires that the regional CEDS be updated annually and substantially revised or rewritten at least once every five years.

Ms. Bell presented a proposed methodology for adding projects to the CEDS list of key projects after the list has been submitted annually to EDA. Under this methodology, applicants will be required to submit a description of the proposed project along with letters of support from the county and municipalities served by the project to DVRPC. This information will then be e-mailed to the CEDS review committee, which includes representatives of regional, county, and city planning and economic development representatives; state agencies and state-supported organizations; workforce investment boards; chambers of commerce; trade, industry and professional organizations; representatives of minority groups; and private citizens. If there are no objections from any Committee members, the project will be added to the CEDS list of key regional projects, allowing the applicant to apply for EDA funding.

Any CEDS committee member, however, may request a formal presentation. If a presentation is requested, all committee members will be notified and may attend the scheduled meeting to voice their support or objection. In such a case, the CEDS key projects list will be amended to include the project if a motion to amend the project list is made and seconded after the presentation and a majority of committee members in attendance vote affirmatively.

Ms. Bell also briefly discussed the process for preparing the EDA-required annual CEDS report. DVRPC staff will work with its partners and the CEDS committee over the next few months to prepare the required annual update. The report will include a review of current regional economic conditions; the identification and evaluation of performance measures that gauge progress made towards achieving the CEDS goals and objectives; and a review and revision of the current key projects list (including the deletion and/or addition of projects as appropriate).

Given that the U.S. Department of Housing and Urban Development (HUD) had not yet released the Notice of Funding Availability (NOFA) for its Sustainable Communities Regional Planning Grant program, the scheduled presentation by Richard Bickel was tabled. There being no further business, the meeting was adjourned at approximately 12:15 p.m. The next RCEDF meeting is tentatively scheduled to begin at 10:00 a.m. on Thursday, September 30, 2010.